



General Assembly

**Substitute Bill No. 7276**

January Session, 2025



**AN ACT CONCERNING THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

2 (1) "Active service" means service with a participating municipality  
3 for which contributions are required pursuant to subsection (f) of this  
4 section;

5 (2) "Aggregate service" has the same meaning as provided in section  
6 7-425 of the general statutes;

7 (3) "Average annual pay" means the average annual amount of the  
8 base pay an employee received during the five years of active service in  
9 which the employee received the highest amount of base pay;

10 (4) "Base pay" means the annual salary, wages or earnings of an  
11 employee, not including overtime pay, payments received pursuant to  
12 chapter 568 of the general statutes or payouts for accrued vacation time,  
13 sick leave or compensatory time;

14 (5) "Continuous service" has the same meaning as provided in section  
15 7-425 of the general statutes;

16       (6) "Fund" has the same meaning as provided in section 7-425 of the  
17       general statutes;

18       (7) "Member" means a member of the municipal employees  
19       retirement plan under part II of chapter 113 of the general statutes;

20       (8) "MERS 2.0" means the set of rules applicable to members who first  
21       become eligible for membership on or after the applicable date set forth  
22       in subsection (b) of this section;

23       (9) "Overtime pay" means compensation provided for overtime  
24       above an employee's base pay; and

25       (10) "Public safety employee" means a uniformed member of a  
26       municipality's paid fire department or a regular member of a  
27       municipality's paid police department.

28       (b) The set of rules set forth under this section shall be known as  
29       MERS 2.0, which shall operate as another benefit tier within the  
30       municipal employees retirement plan set forth in part II of chapter 113  
31       of the general statutes.

32       (1) Any municipality not participating in the municipal employees  
33       retirement system may enroll in MERS 2.0 on any date on or after the  
34       later of (A) July 1, 2026, or (B) the date of the expiration of a collective  
35       bargaining agreement that was applicable to such municipality and in  
36       effect on July 1, 2026.

37       (2) For a participating municipality, any member who first becomes  
38       eligible for membership in the municipal employees retirement system  
39       on any date on or after the later of (A) July 1, 2027, or (B) the date of the  
40       expiration of a collective bargaining agreement that was applicable to  
41       the member's position and in effect on July 1, 2027, shall be enrolled in  
42       MERS 2.0.

43       (c) The provisions of part II of chapter 113 of the general statutes shall  
44       apply to MERS 2.0 in the same manner and with the same force and  
45       effect as if the provisions of said part had been incorporated in full into

46 this section and had expressly referred to MERS 2.0, unless excepted  
47 under this section. Where there is a conflict between a provision of said  
48 part and this section, the provisions of this section shall prevail with  
49 respect to MERS 2.0.

50 (d) Any member participating in MERS 2.0 shall be eligible for  
51 retirement and, provided such member has had five years of continuous  
52 service or fifteen years of active aggregate service in a participating  
53 municipality, to receive a retirement allowance upon completing the  
54 following:

55 (1) (A) Thirty years of aggregate service in a participating  
56 municipality, or (B) five years of continuous service and upon attaining  
57 the age of sixty-five years; and

58 (2) For members who are public safety employees, (A) twenty-five  
59 years of aggregate service in a participating municipality, or (B) five  
60 years of continuous service and upon attaining the age of fifty-five  
61 years.

62 (e) Notwithstanding the provisions of subsection (d) of this section,  
63 any member of MERS 2.0, other than a public safety employee, who (1)  
64 is separated from the service of the municipality by which the member  
65 is employed, except for cause, (2) has completed at least five years of  
66 continuous service but fewer than thirty years of aggregate service, and  
67 (3) has not attained the age of sixty-five years, shall have the option of  
68 receiving a retirement allowance at any time on or after attaining the age  
69 of fifty-five years, provided the retirement allowance shall be payable in  
70 such amount as determined by the Connecticut Municipal Employees  
71 Retirement Commission to be the actuarial equivalent of the retirement  
72 allowance that would have been payable except for the election of such  
73 option. Retirement allowances under subsection (d) of this section shall  
74 not be subject to the actuarial reduction under this subsection.

75 (f) Each member participating in MERS 2.0 shall contribute to the  
76 fund five per cent of such member's base pay, except that each member  
77 who is a public safety employee shall contribute to the fund eight per

78 cent of such member's base pay.

79 (g) (1) Except as provided in subsection (e) of this section, after  
80 retirement, in accordance with the provisions of this section, each  
81 member participating in MERS 2.0 shall receive, during such member's  
82 lifetime, a retirement allowance payable in monthly installments equal  
83 to one-twelfth of one and eight-tenths per cent of the member's average  
84 annual pay or, for members who are public safety employees, one-  
85 twelfth of two and two-tenths per cent of such employee's average  
86 annual pay, multiplied by the number of months of such member's  
87 aggregate service.

88 (2) For the purpose of calculating a member's average annual pay, the  
89 member's base pay for a year in which such member held more than one  
90 position or in which the base pay for such member's position changed  
91 shall be the sum of the base pay for all positions held by the member  
92 during such year, except that the base bay for each position shall be  
93 multiplied by the fraction of one year for which the member held such  
94 position.

95 (h) The provisions of the following sections shall apply to members  
96 participating in MERS 2.0, as applicable: (1) Section 7-432 of the general  
97 statutes concerning disability retirement allowances; (2) section 7-433b  
98 of the general statutes concerning survivors' benefits for firemen and  
99 policemen; (3) subsections (b) to (d), inclusive, of section 7-439g of the  
100 general statutes concerning preretirement death benefits; and (4)  
101 subsection (a) and subparagraph (G) of subdivision (1) of subsection (b)  
102 of section 7-439b of the general statutes concerning cost of living  
103 adjustments.

104 Sec. 2. (NEW) (*Effective from passage*) (a) Not later than July 1, 2026,  
105 the Connecticut Municipal Employees Retirement Commission shall  
106 create a defined contribution retirement plan to be known as the MERS  
107 defined contribution plan.

108 (b) (1) Each member of the municipal employees retirement system  
109 shall contribute to the fund one-fourth of one per cent of such member's

110 pay to the MERS defined contribution plan.

111 (2) In addition to the contributions under subdivision (1) of this  
112 subsection, each member participating in MERS 2.0 shall contribute to  
113 the fund five per cent of such member's overtime pay to the MERS  
114 defined contribution plan, except that each member who is a public  
115 safety employee shall contribute to the fund eight per cent of such  
116 member's overtime pay to the MERS defined contribution plan.

117 (3) Payroll deductions for each member of the MERS defined  
118 contribution plan shall be made by the appropriate municipal employer.

119 (4) Each participating municipality shall contribute to the MERS  
120 defined contribution plan an amount equal to the contributions required  
121 under subdivision (2) of subsection (b) of this section from members  
122 participating in MERS 2.0 who are employees of such municipality.

123 (5) The Connecticut Municipal Employees Retirement Commission  
124 shall serve as the administrator of the MERS 2.0 defined contribution  
125 plan. Said commission may (A) make deposits or payments to such plan,  
126 subject to the terms of such plan, and (B) contract with a private  
127 corporation or private institution for the provision of consolidated  
128 billing services and other administrative services for such plan.

129 (6) As used in this section, "fund" has the same meaning as provided  
130 in section 7-425 of the general statutes and "MERS 2.0", "overtime pay"  
131 and "public safety employee" have the same meanings as provided in  
132 section 1 of this act.

133 Sec. 3. (NEW) (*Effective from passage*) (a) The Connecticut Municipal  
134 Employees Retirement Commission may establish and implement an  
135 annuity plan that shall be an alternative to the municipal employees  
136 retirement system under part II of chapter 113 of the general statutes,  
137 provided any such annuity plan is approved with the unanimous vote  
138 of the trustees set forth in subdivisions (3) and (4) of subsection (b) of  
139 section 7-448a of the general statutes. No municipality participating in  
140 the municipal employees retirement system as of the date such plan is

141 implemented shall be eligible to participate in such annuity plan. The  
142 commission shall prescribe the manner in which such annuity plan may  
143 be adopted by any municipality, as defined in section 7-425 of the  
144 general statutes, that is not participating in the municipal employees  
145 retirement system.

146 (b) Any such annuity plan shall provide that a municipality that  
147 adopts such plan shall have the option to transfer to such plan the  
148 accounts and assets of any defined contribution retirement plan  
149 previously adopted by such municipality. Payroll deductions for each  
150 member of the annuity plan implemented under this section shall be  
151 made by the appropriate municipal employer.

152 (c) The State Comptroller shall serve as the administrator of the  
153 annuity plan established under this section. The State Comptroller may  
154 (1) enter into contractual agreements on behalf of the state with  
155 members of such plan to defer any portion of such member's  
156 compensation from the adopting municipality, (2) make deposits or  
157 payments to such plan, subject to the terms of such plan, and (3) contract  
158 with a private corporation or private institution for the provision of  
159 consolidated billing services and other administrative services for such  
160 plan.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section

**FIN** Joint Favorable Subst.